

SBP and the World Bank kick off work on National Financial Inclusion Strategy for Pakistan: Deputy Governor SBP

Deputy Governor of the State Bank of Pakistan (SBP) Mr. Saeed Ahmad has highlighted the need for financial inclusion for improving access to savings, credit, remittance and insurance services for the hitherto excluded population in the country. He said that financial inclusion is a core component of SBP's financial sector development strategy. He was chairing a meeting of SBP and World Bank Teams on development of a broader National Financial Inclusion Strategy (NFIS) for Pakistan at SBP, Karachi, today.

The development of National Financial Inclusion Strategy will help identify factors, policies and market interventions along with an action plan with clear roles and responsibilities of each stakeholder for follow-up and monitoring of implementation of action plan. The NFIS will also help setup a national platform for all stakeholders from both public and private sectors for consultation and implementation of the reforms and various initiatives for financial inclusion under the strategy. The strategy will be launched through a national event by the Prime Minister of Pakistan.

He said that Pakistan had seen an accelerated transformation and turnaround in the banking industry as a result of the banking sector reforms which were supported by market-oriented policies. "Yet, due to a late start, financial penetration remains quite low with over 6 million borrowers and 35 million deposit accounts in the country of 180 million people. There are number of reasons for the high incidence of financial exclusion in Pakistan which will be addressed in through this NFIS."

The Deputy Governor apprised that an estimated 35 percent of the population is, at present, not participating in the banking system due to faith reason. SBP has already developed a five-year strategic plan for promotion of the Islamic Banking and the Government has constituted a steering committee for promotion of the Islamic banking in the country. Both these initiatives will bring faith conscious people to the banking fold, the Deputy Governor, added.

He said that SBP had been actively pursuing the goal of advancing financial inclusion; however, there has been a lack of National Financial Inclusion Action Plan to provide national targets for financial inclusion along with the necessary steps and clearly assigned responsibilities to various stakeholders. The NFIS will also help guide and monitor progress on various financial inclusion initiatives. Therefore, in line with country requirements and global trends, SBP initiated collaboration with the World Bank to develop a broader NFIS for Pakistan.

In the meeting, it was explained that the strategy will take stock of the both demand and supply side issues and help in tackling financial exclusion in an integrated and sustained manner which is currently lacking at the national level. The strategy will also form the basis for coherent and sequential reforms needed to promote financial inclusion.

The World Bank's initial scoping mission team held discussions with SBP and leading private sector stakeholders at SBP, Karachi. In next week, the WB team will visit Islamabad to hold meetings with all relevant Govt departments/agencies and other

stakeholders including donors and financial sector players. Following the initial scoping work, SBP and WB teams will conduct detailed consultations for NFIS.

Deputy Governor urged his team to work closely with the WB Team and other key stakeholders including Banks, Govt Agencies, and donors to develop the strategy and build consensus for advancing financial inclusion in an integrated manner for improved livelihood opportunities in Pakistan.

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